

TO: NORTH AMERICAN FIRE TRAINING DIRECTORS
FROM: SEAN CARROLL; CFSI DIRECTOR OF GOVERNMENT AFFAIRS
SUBJECT: LEGISLATIVE SUMMARY 113TH CONGRESS
DATE: APRIL 26, 2013

CONGRESSIONAL FIRE SERVICES CAUCUS

Currently there are approximately 240 members of the Congressional Fire Services Caucus. This is down from 292 members prior to the 2012 general election. Approximately 60% of the caucus members not returning to Congress did not seek reelection. Senator Joseph Lieberman (CT), one of the Senate co-chairs of the Fire Caucus, was among the members who retired at the end of the 112th Congress. With input from the national fire service organizations, the remaining co-chairs have asked Senator Jon Tester (MT) to serve as the new Senate co-chair. Congressman Dave Reichert (WA-8) will be the chair for the 113th Congress.

There are 98 new members of Congress. The House is comprised of 232 Republicans and 201 Democrats (there are currently two vacancies in the House –MO-8 and SC-1). The Senate is made up of 53 Democrats, 45 Republicans, and 2 Independents (both Independents caucus with the Democrats). CFSI, working with the leadership of the Congressional Fire Services Caucus, is currently engaged in a recruitment drive to encourage members of Congress to join and become actively engaged in the Fire Caucus.

FISCAL YEAR 2013 & 2014 APPROPRIATIONS

On March 21, 2013, the House of Representatives approved H.R. 933, the Full-Year Continuing Appropriations Act of 2013. The spending measure will keep existing budget caps, setting discretionary spending authority at \$984 billion after sequestration is taken into account. This is a reduction of \$59 billion from Fiscal Year 2012.

The bill provides \$39.609 billion for the Department of Homeland Security. Within that amount is funding for the Assistance to Firefighters (AFG) grant program, Staffing for Adequate Fire and Emergency Response (SAFER) grant program and the United States Fire Administration. On a positive note, the bill maintains fiscal year 2012 levels of funding for both the AFG and SAFER grant programs.

Although both programs were subject to sequestration cuts, the actual grant funding awarded to the fire service will remain virtually the same. That is because the legislation instructs the Federal Emergency Management Agency to pay for administration of the grants programs from the FEMA "Salaries and Expense" account. In past fiscal years, five percent of the appropriated funds were designated to cover administrative costs. So even though the cuts imposed by sequestration results in H.R. 933 funding both programs at \$320 million (compared to \$337.5 million in FY12), there is little change in the actual dollar amount available for the grants between the two fiscal years.

Unfortunately, the legislation further reduces funding for the United States Fire Administration (USFA). The bill imposes an across-the-board reduction of 0.092% to all programs in the Department of Homeland Security. Moreover, sequestration mandates that all programs be cut by 5%. As a result, USFA will be funded at approximately \$42 million in Fiscal Year 2013, down from \$44 million in Fiscal Year 2012.

The House first approved the spending measure on March 6th. On March 20th, the Senate approved an amended version of the House bill, providing several government agencies more flexibility under the cuts mandated by sequestration.

On Wednesday, April 10th, the White House released President Obama's Fiscal Year 2014 (FY14) Budget Proposal. The \$3.77 trillion budget includes \$39 billion in spending for the Department of Homeland Security. This includes a number of programs of importance to the nation's fire and emergency services.

The Administration's budget proposal recommends funding the Assistance to Firefighters (FIRE) Grant Program and the Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program at \$335 million each in FY14. This is the same request the Administration made for Fiscal Year 2013.

Additionally, the White House is requesting \$41.306 million for USFA. The budget proposal also contains a proposal from the previous year's budget proposal that would consolidate a number of homeland security grant programs, including the Urban Area Security Initiative (UASI) and the State Homeland Security Grant Program, into a single National Preparedness Grant Program. The Administration is requesting \$1.043 billion for this program.

While the Administration's budget proposal is meant to serve as a guideline for federal spending, Congress will ultimately determine funding levels for these programs. The House and Senate Appropriations Committees will now begin work on crafting Fiscal Year 2014 spending bills. CFSI will continue to provide updates throughout the appropriations process.

FIRE SPRINKLER INCENTIVE ACT

CFSI has been working with the National Fire Sprinkler Association, Congressman Aaron Shock (IL-18), Congressman James Langevin (RI-2), Senator Thomas Carper (DE) and Senator Susan Collins (ME) on the Fire Sprinkler Incentive Act. We hope to reintroduce the legislation prior to the 25th Annual National Fire and Emergency Services Dinner.

The original measure was introduced in 2004 following the tragic Station nightclub fire in West Warwick, RI that claimed the lives of 100 victims. Since then, the legislation has been reintroduced in subsequent Congresses with various changes made to address concerns raised by members of Congress regarding cost estimates.

Under the current version of the bill, automatic sprinklers would be treated as Section 179 property under the tax code. Section 179 allows small and medium sized businesses to write-off the full cost of equipment purchases, up to \$125,000 in a single year. While automatic fire sprinklers are not currently classified as a Section 179 property, passage of the legislation would allow property owners to retrofit a large majority of high fire-risk properties, such as certain off-campus housing, night clubs, nursing homes and assisted living facilities.

The legislation would also create a financial incentive for high-rise building owners to install sprinkler systems by reducing the depreciation schedule to 15 years. Currently the depreciation schedule is 39 years for commercial properties and 27.5 years for residential properties. This reduction will also put sprinkler improvements more in line with the current tax code that allows 15-year depreciation for leasehold improvements.

Congress is expected to take up comprehensive tax reform legislation in 2013, possibly providing an opportunity to move this bill forward.

VOLUNTEER FIREFIGHTER INCENTIVE BILLS

On March 6th, Congressman Peter King (NY-2) introduced H.R. 1009, the Volunteer Emergency Services Recruitment and Retention Act. The legislation clarifies the tax treatment of length of service award programs (LOSAPs).

LOSAPs are an important incentive for the volunteer fire service, providing retirement savings plans and allowing thousands of departments to offer incentives to retain veteran firefighters. Unfortunately under current law, contributions into certain LOSAPs cannot be guaranteed to volunteers, meaning that they are vulnerable to creditors if the department goes bankrupt. Additionally, a federal cap established in 1996 on annual contributions into a LOSAP has never been adjusted for inflation, reducing the value of the LOSAP funds for many departments. Finally, a large number of volunteer fire departments are quasi-governmental but have their LOSAPs treated as private plans, subject to unnecessarily stringent reporting requirements. VESRRA would address each of these issues, simplifying the tax treatment of LOSAPs without increasing or reducing taxes.

On March 7th, Senator Susan Collins (ME) and Senator Charles Schumer (NY) introduced S. 506, companion legislation to H.R. 1009. Additionally, on March 7th, Senator Schumer, with Senator Collins, introduced S. 501, the Volunteer Responder Incentive Protection Reauthorization Act, a distinctly separate piece of legislation. This measure would exempt from federal income tax any property tax benefit and up to \$600 per year of any other type of benefit that a state or local unit of government provides to volunteer emergency responders as a recruitment or retention incentive.

Congress is expected to consider comprehensive tax reform legislation later this year. The House Ways and Means Committee recently established 11 working groups to review current federal income tax law and to seek input from stakeholders, advocacy groups and the public. As the process moves forward CFSI will continue to provide updates as we work with the bill sponsors, the national fire service organizations and the relevant House and Senate committees on these important bills.

PUBLIC SAFETY OFFICERS' BENEFITS PROGRAM

Congressman Joe Courtney (CT-2) and Senator Richard Blumenthal (CT) are expected to reintroduce the Fire Police Fairness Act the week of May 6, 2013. The legislation expands PSOB coverage to fire police officers. The legislation defines "fire police" as an individual who:

- "is serving in accordance with state or local law as a member of a legally organized public safety agency but is not a law enforcement officer, a firefighter, a chaplain, or a member of a rescue squad or ambulance crew; and
- is officially deployed to provide scene security or directs traffic in response to any fire, rescue, or police emergency or at a planned special event."

In December of 2012, Congress approved the National Defense Authorization Act, which included the Public Safety Officers' Benefits Improvements Act. Originally introduced by Senator Patrick Leahy (VT) and Congressman Michael Fitzpatrick (PA-8), the legislation makes several changes to the Public Safety Officers' Benefits (PSOB) program, intended to strengthen the program. Included in the changes are:

- Providing mandatory funding for disability benefits;

- Expanding coverage to certain non-profit EMS providers; and
- Including vascular rupture under the causes of death covered by the Hometown Heroes provisions.

The Department of Justice's Office of General Counsel has a history of using legislative changes to the PSOB program as an excuse for re-writing the entire regulation. Working with a coalition of national fire and law enforcement organizations, CFSI will be monitoring the PSOB program closely to ensure it is meeting the needs of first responders and their families. In addition, the PSOB office has started meeting regularly with national public safety organizations to review the program and receive input from stakeholders. In order to make certain this process is successful, CFSI will be organizing regular meetings of national fire and law enforcement organizations in order to provide agenda items to the PSOB office and ensure the process is being driven by the appropriate stakeholders.

SAFE BUILDING CODES INCENTIVE ACT

The Safe Building Codes Incentive Act would create a financial incentive for states to adopt and enforce statewide building codes. Under the proposed law, states that adopt and enforce nationally recognized model building codes for residential and commercial structures would qualify for an additional 4% of funding available for post-disaster grants. The program would be administered by FEMA.

Currently 16 states would qualify under the legislation, including California, the District of Columbia, Florida, Louisiana, Michigan, Minnesota, New Hampshire, New Jersey, New Mexico, New York, Pennsylvania, South Carolina, Utah, Virginia, Washington and the Great State of Maine. Another 15 states could qualify with minor changes to state laws and regulations. These states include Arkansas, Connecticut, Delaware, Georgia, Indiana, Kentucky, Maryland, Massachusetts, North Carolina, Ohio, Oregon, Rhode Island, Tennessee, West Virginia, and Wisconsin. During the 112th Congress, the legislation was introduced in the House by Congressman Mario Diaz-Balart (FL-25) and in the Senate by Senator Robert Menendez (NJ). There had been some attempts to attach the legislation to a disaster supplemental bill following Superstorm Sandy, but Congress adjourned before completing work on the supplemental. CFSI is currently working with members of the BuildStrong Coalition to develop a strategy for introduction and passage in the 113th Congress.

CAMPUS FIRE SAFETY LEGISLATION

On April 17, 2013, Congressman Bill Pascrell, Jr. (NJ-8) introduced H.R. 1609, the Campus Fire Safety Education Act. The legislation, which establishes a grant program at the U.S. Department of Education to make awards to institutes of higher education for fire prevention and education programs, has been referred to the House Committee on Education and Workforce. Senator Frank Lautenberg (NJ) introduced companion legislation, S. 750, the same day. The Senate bill was referred to the Senate Committee on Health, Education, Labor and Pensions.

Additionally, Congresswoman Marcia Fudge (OH-11) has reintroduced the Honorable Stephanie Tubbs Jones College Fire Prevention Act (H.R. 1437). The legislation, introduced on April 9, 2013, directs the Secretary of Education to make competitive demonstration grants to institutions of higher education, fraternities, and sororities for up to half the cost of installing fire sprinkler systems, or other fire suppression or prevention technologies, in student housing and dormitories.